

VZCZCXRO2040
OO RUEHAG RUEHBC RUEHDE RUEHKUK
DE RUEHLB #2671/01 2281543
ZNY CCCCC ZZH
O 161543Z AUG 06
FM AMEMBASSY BEIRUT
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5106
INFO RUEHEE/ARAB LEAGUE COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCNFB/FBI WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 0100
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0986

C O N F I D E N T I A L SECTION 01 OF 03 BEIRUT 002671

SIPDIS

SIPDIS
NOFORN

NSC FOR ABRAMS/ZAROTE/DORAN/SINGH/HARDING

E.O. 12958: DECL: 08/16/2016
TAGS: [EAID](#) [EFIN](#) [PTER](#) [PREL](#) [SY](#) [ISLE](#)
SUBJECT: LEBANON: NAYLA MOAWAD VOWS TO STAND FIRM

Classified By: Jeffrey D. Feltman, Ambassador. Reason 1.4(d).

SUMMARY

11. (C/NF) During an 8/16 meeting with the Ambassador and poloff in the Baabda apartment where she is staying, Zgharta MP and Minister for Social Affairs Nayla Moawad said that, though she is threatened by the recent speeches by Hassan Nasrallah and Bashar al-Asad accusing the March 14 movement of supporting Israel, she would not let that hamper her vocal stance against Hizballah's arms. She is also intent on playing an activist role in government construction of the country, but is concerned that the GOL development bureaucracy is opaque and rife with corruption and incompetence. Fearful that Iran and Hizballah are rushing to fill the vacuum, Moawad urged that the Ambassador get PM Siniora to focus urgently on organizing the government reconstruction effort. She also worried that Syria is funnelling money and possibly arms to other opponents of the March 14 movement, including her bitter personal rival in the northern town of Zgharta, Suleiman Frangieh. Urging again that Emile Lahoud should be removed as president, she added that the USG needs to "be firm" with Lahoud and should consider looking into some of his possible financial improprieties, such as his son's alleged involvement in the Oil-for-Food scandals. End Summary.

THE COCK'S CROW

12. (C/NF) Uncowed and highly energized, 'Sitt Nayla' -- who has moved to her sister's apartment, one floor down from her own, supposedly for security reasons -- said that the Israelis had made a mess of things by waiting so long to start the land invasion of southern Lebanon, and now the IDF seems eager to leave Lebanon as soon as possible "without doing anything" to stop Hizballah's filtering back into the area. (Comment. This is a common refrain we are hearing from the March 14 crowd. End Comment.) Their poor performance has emboldened the opponents of the March 14 movement inside and outside Lebanon, primary among them the Hizballah-Syria-Iran triumverate. In the wake of Hassan Nasrallah's smug 8/14 speech and Bashar al-Asad's bullying 8/15 speech, the latter accusing the March 14ers of being in league with Israel, Moawad said that while she is concerned about her safety, she considers Nasrallah's speech -- and to

a lesser extent Bashar's -- as merely a "cock's crow" following the "victory" over Israel. She is used to such things, reminding the Ambassador that she was referred to as the "Golda Meir of Tripoli" during a Syrian-engineered campaign against her in 2002 in northern Lebanon.

NEED TO BEAT THE IRANIANS IN REBUILDING

13. (C) Moawad added that Nasrallah is playing an "obvious political game" to stem annoyance with Hizballah's war, particularly by offering a \$10,000 handout to every family that lost a home destroyed in the conflict. Acknowledging that Nasrallah has done an end run around any GOL-led rebuilding campaign, Moawad bemoaned the lack of a clear vision for reconstruction within the Siniora government -- "Fuad does not have a very professional outfit." She singled out Siniora reconstruction advisor Nabil Jisr and head of the Higher Relief Council Yehya Raad as especially incapable. Siniora needs to come up with an overall plan to present to the nation soon, worried Moawad, otherwise the Iranians and Hizballah will take control. She asked that the Ambassador give Fuad a "morale boost." (Note. The PM told the Ambassador later that he is appointing a new, well-regarded coordinator of reconstruction efforts and will address the nation on the evening of 8/16. End Note.)

14. (C) Moawad said that the GOL should concentrate on rebuilding the South, where they will have more success penetrating, and should leave Beirut's southern suburbs to Hizballah. Fairly brimming with ideas for rebuilding -- including low interest loans for housing and microcredit schemes for small businesses -- Moawad said she has been

BEIRUT 00002671 002 OF 003

trying to sit down with Siniora and others to discuss the effort, with no success. (Comment. Moawad's ministry, which theoretically oversees housing as part of its portfolio, is known to be in the pocket of Speaker Nabih Berri. End Comment.) "It's urgent we show the government is here, and beat the Iranians," urged Moawad, "Yalla! Let's go back to action." She also suggested the GOL hire a professional advertising firm -- "like Saatchi and Saatchi" -- to get the message out to the people about all that the government, as opposed to Hizballah, is doing to rebuild Lebanon.

SYRIAN ALLIES RECEIVING SUPPORT

15. (C) Moawad worries that if the March 14 movement does not get on track, that the internal political balance will tip back in Syria's favor. She suspects that Defense Minister Murr, always a fencesitter, is "playing a dirty game" by stalling on LAF deployment and is in fact moving closer to his ex-father-in-law, President Lahoud. She believes that her political rival in the murky world of northern Maronite politics, Suleiman Frangieh, is in bed with Hizballah and being armed by Syria. (Note. On the way to the meeting, we drove past a minibus coming from the North sporting pictures of Nasrallah and Frangieh. End Note) She added that Frangieh is also receiving money from the half-Lebanese, half-Saudi millionaire Prince Walid bin Talal. She believes that others in the pro-Syrian March 8 camp -- such as Wiam Wahhab, Talal Arslan, and Michel Aoun -- are all receiving money, and perhaps more, from the Syrians and Iranians. "There is a flow of Iranian money," warned Moawad, "The other side is acting, they are one-headed, and they have the money they want."

16. (C) While the March 8 camp is being buoyed by Syria, claimed Moawad, the March 14ers are deflated both emotionally and financially. Claiming that Marwan Hamadeh and Walid Joumblatt are "both depressed," Moawad feels "like the only one on the ground." Asking that the Ambassador keep this information quiet, Moawad said that she has been forced to sell off the last of her father's property, as well as that

of her assassinated husband, former President Rene Moawad.

GO AFTER LAHOUD

17. (C/NF) Moawad sees the removal of President Lahoud, a Syrian proxy and the most constitutionally-powerful Lebanese, as the solution to what ails Lebanon. She urged that the USG "be firm" with Lahoud, and also consider investigating some of his shady financial involvements. She mentioned particularly the Bank al-Medina scandal in which she believes Lahoud is deeply involved. (Comment. The extensive corruption involved in the Bank al-Medina scandal has never quite come to the surface in Lebanon, perhaps because it threatens to bring down so many powerful Lebanese. End Comment) Moawad suggested the USG might be interested in it from a money laundering or terrorist financing angle, or could ask Interpol to look further into it. The Ambassador remarked that the Lebanese Prosecutor-General, Said Mirza, may have many documents related to Bank al-Medina which he would have to provide. Moawad also noted the oft-cited rumors that Lahoud's son Emile was involved in the Oil-for-Food scandals, and she wondered whether the many documents related to OFF might be mined for incriminating evidence against the Lahouds.

COMMENT

18. (C/NF) We had expected Moawad to be dejected and frightened by the belligerent speeches of Nasrallah and Asad. Yet it was clear from the meeting that 'Sitt Nayla' has a lot of fight left in her. Conspiracy theories abound in Lebanon, so it is difficult to sift through what is truth and what is rumor in all that she had to say about Syrian and Iranian support for opponents of the March 14 movement. But what is more important now is that the Siniora government appear organized and responsive to its citizenry, and not allow Hizballah and Iran to fill the role of primary

BEIRUT 00002671 003 OF 003

benefactor in the South. Moawad's central point about needing to rally the GOL reconstruction effort is key to building up a strong, centralized Lebanese state. We will continue to ask Siniora and his ministers about his needs for getting this effort on track, and will have meetings on 8/17 with Sami Haddad, Minister of Economy and Trade, and Mohammad Safadi, Minister for Public Works and Transport. PM Siniora's pick for a new reconstruction coordinator, Ghassan Tahar, has an excellent reputation, and we hope he begins work immediately.

FELTMAN